

SHREVEPORT GREEN
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-20-05

SHREVEPORT GREEN
SHREVEPORT, LOUISIANA

TABLE OF CONTENTS

AUDITED FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Statements of Functional Expenses	5
Notes to Financial Statements	6-9

OTHER REPORTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10-11
Schedule of Findings and Questioned Costs	12
Schedule of Prior Year Findings	13

AUDITED FINANCIAL STATEMENTS

HEARD McELROY & VESTAL

LLP
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET
15TH FLOOR
SHREVEPORT, LA 71101
318 429-1525
318 429-2070 FAX
POST OFFICE BOX 1607
SHREVEPORT, LA
71165-1607

PARTNERS
J. PETER GAFFNEY, CPA, APC
SPENCER BERNARD, JR., CPA
H.Q. GAHAGAN, JR., CPA, APC
GERALD W. HEDGCOCK, JR., CPA, APC
TIM B. NIELSEN, CPA, APC
JOHN W. DEAN, CPA, APC
MARK D. ELDREDGE, CPA
ROBERT L. DEAN, CPA
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA
A. D. JOHNSON, JR., CPA
RON W. STEWART, CPA, APC

OF COUNSEL
GILBERT R. SHANLEY, JR., CPA
C. CODY WHITE, JR., CPA, APC
WILLIAM L. HIGHTOWER, CPA

April 27, 2005

The Board of Directors
Shreveport Green
Shreveport, Louisiana

Independent Auditor's Report

We have audited the accompanying statements of financial position of Shreveport Green (a nonprofit organization) as of December 31, 2004 and 2003, and the related statements of activities, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the management of Shreveport Green. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Shreveport Green as of December 31, 2004 and 2003, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2005, on our consideration of Shreveport Green's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Heard McElroy + Vestal, LLP

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY
WEST MONROE

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

SHREVEPORT GREEN
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2004 AND 2003

<u>A S S E T S</u>	<u>2004</u>	<u>2003</u>
<u>Current assets:</u>		
Cash and cash equivalents-Notes 9 and 10	236,530	238,784
Grants receivable	18,688	-
Prepaid insurance	<u>3,657</u>	<u>8,149</u>
Total current assets	258,875	246,933
<u>Fixed assets:</u>		
Building	202,506	202,506
Office furniture and equipment	122,738	92,235
Equipment-Neighborhood Program	10,418	10,418
<u>Less-accumulated depreciation</u>	<u>(130,030)</u>	<u>(110,514)</u>
Book value of fixed assets	<u>205,632</u>	<u>194,645</u>
 Total assets	 <u>464,507</u>	 <u>441,578</u>
 <u>LIABILITIES AND NET ASSETS</u>		
<u>Current liabilities:</u>		
Payroll taxes payable	1,615	1,460
Notes payable-Note 10	<u>58,648</u>	<u>73,048</u>
Total current liabilities	60,263	74,508
 <u>Net assets-unrestricted</u>	 <u>404,244</u>	 <u>367,070</u>
 Total liabilities and net assets	 <u>464,507</u>	 <u>441,578</u>

The accompanying notes are an integral part of the financial statements.

SHREVEPORT GREEN
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>Changes in Unrestricted Net Assets:</u>		
<u>Public support and other revenue:</u>		
<u>Public support:</u>		
City of Shreveport-Note 3	280,305	252,181
Contract for Services-Note 4	65,000	67,000
Grants-Neighborhood Program-Notes 3 and 5	36,500	46,819
Grants-Louisiana Serve Commission-Note 5	116,679	126,781
Other public support	37,442	78,862
Memberships and contributions	44,059	41,094
Tree Legacy program	2,560	1,853
In-kind donations-Note 5	62,709	74,690
Other community support-Note 6	<u>3,300</u>	<u>-</u>
Total public support	648,554	689,280
<u>Other revenue:</u>		
Interest income	1,962	1,356
Miscellaneous income	14,091	23,456
Tree sales	<u>7,467</u>	<u>4,997</u>
Total other revenue	<u>23,520</u>	<u>29,809</u>
Total public support and other revenue	672,074	719,089
<u>Expenses:</u>		
Management and general	216,916	214,691
Program services	<u>417,984</u>	<u>466,261</u>
Total expenses	<u>634,900</u>	<u>680,952</u>
<u>Change in net assets</u>	37,174	38,137
<u>Net assets-beginning</u>	<u>367,070</u>	<u>328,933</u>
<u>Net assets-ending</u>	<u>404,244</u>	<u>367,070</u>

The accompanying notes are an integral part of the financial statements.

SHREVEPORT GREEN

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	37,174	38,137
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,516	16,532
<i>(Increase) decrease in:</i>		
Grants receivable	(18,688)	27,902
Contributions receivable	-	8,000
Prepaid insurance	4,492	2,711
<i>Increase (decrease) in:</i>		
Payroll taxes	<u>155</u>	<u>(639)</u>
Net cash provided by operating activities	42,649	92,643
<u>Cash flows from investing activities:</u>		
Purchase of property and equipment	<u>(30,503)</u>	<u>(1,956)</u>
Net cash (used) by investing activities	(30,503)	(1,956)
<u>Cash flows from financing activities:</u>		
Payments on bank loan	<u>(14,400)</u>	<u>(30,252)</u>
Net cash (used) by financing activities	(14,400)	(30,252)
<u>Net increase (decrease) in cash and cash equivalents</u>	(2,254)	60,435
<u>Cash and cash equivalents at beginning of year</u>	<u>238,784</u>	<u>178,349</u>
<u>Cash and cash equivalents at end of year</u>	<u>236,530</u>	<u>238,784</u>
<u>Interest paid</u>	<u>2,936</u>	<u>4,492</u>

The accompanying notes are an integral part of the financial statements.

SHREVEPORT GREEN

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

		2004			
		<u>Program Services</u>			
	<u>Management and General Services</u>	<u>ShrevCorps Program</u>	<u>Neighborhood Program</u>	<u>Other Specific Programs- Note 7</u>	<u>Total Expenses</u>
Accounting and legal	4,641	1,000	1,800	2,000	9,441
Automobile	-	2,016	-	-	2,016
Awards	592	1,000	-	1,000	2,592
Awards luncheon	3,209	-	-	2,000	5,209
Building and equipment	3,903	-	-	-	3,903
CARE	-	8,673	-	-	8,673
City clean-up	-	257	-	4,209	4,466
Clean business program	-	-	-	247	247
Contract labor	-	5,530	-	280	5,810
Depreciation	19,516	-	-	-	19,516
Dues and subscriptions	670	301	-	-	971
Education-schools	-	1,000	2,208	13,109	16,317
Employee benefits-Note 8	2,100	2,647	-	79	4,826
Entertainment and meetings	2,574	420	-	-	2,994
Fundraising	2,677	-	-	-	2,677
Gifts/donations/contributions	375	-	-	-	375
Grants-specific programs	-	292	383	13,012	13,687
Insurance	18,207	6,991	1,531	-	26,729
Interest	2,936	-	-	-	2,936
Miscellaneous	17,221	16,074	2,027	2,035	37,357
Neighborhood improvement	-	38,621	1,044	1,897	41,562
Office expense	5,062	117	898	-	6,077
Photography	13	-	251	-	264
Postage	950	-	650	1,374	2,974
Printing	-	-	2,752	4,309	7,061
Professional training	11,598	4,533	1,257	384	17,772
Promotional materials	-	-	-	3,298	3,298
Public relations	2,291	-	-	-	2,291
Recycling	3,368	5,184	-	521	9,073
Rent	-	125	-	-	125
Repairs/maintenance/security	3,270	-	-	-	3,270
Salaries	90,200	170,080	36,500	9,896	306,676
Supplies	1,337	2,088	-	99	3,524
Support costs	-	5,331	-	-	5,331
Taxes	6,901	13,011	2,792	757	23,461
Telephone	4,292	949	-	100	5,341
Travel	3,508	5,170	1,090	659	10,427
Trees	-	-	-	10,126	10,126
Utilities	<u>5,505</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,505</u>
Total expenses	<u>216,916</u>	<u>291,410</u>	<u>55,183</u>	<u>71,391</u>	<u>634,900</u>

The accompanying notes are an integral part of the financial statements.

Management and General Services	2003 Program Services			Total Expenses
	ShrevCorps Program	Neighborhood Program	Other Specific Programs- Note 7	
12,719	2,000	1,800	-	16,519
-	3,724	-	-	3,724
670	700	224	1,000	2,594
2,562	-	-	2,000	4,562
2,194	-	-	-	2,194
-	4,460	-	-	4,460
-	-	-	2,345	2,345
-	-	-	2,085	2,085
-	-	-	-	-
16,532	-	-	-	16,532
1,538	-	-	-	1,538
-	30	52	6,812	6,894
1,801	2,302	249	-	4,352
1,290	357	-	-	1,647
3,579	-	-	-	3,579
1,182	-	-	-	1,182
6,197	5,573	-	44,964	56,734
21,188	7,257	1,418	-	29,863
4,492	-	-	-	4,492
17,598	9,238	-	2,193	29,029
-	50,755	3,156	-	53,911
4,620	304	463	-	5,387
6	-	339	-	345
1,513	-	900	971	3,384
1,043	43	448	2,078	3,612
15,139	4,561	1,131	720	21,551
-	-	-	2,084	2,084
1,574	-	-	-	1,574
3,300	-	-	711	4,011
-	15,489	-	-	15,489
2,129	-	-	-	2,129
75,719	178,765	34,125	22,796	311,405
82	1,461	-	-	1,543
-	6,039	-	-	6,039
3,078	15,493	2,813	2,459	23,843
4,184	555	-	-	4,739
2,242	5,664	925	2,058	10,889
-	-	-	8,172	8,172
6,520	-	-	-	6,520
<u>214,691</u>	<u>314,770</u>	<u>48,043</u>	<u>103,448</u>	<u>680,952</u>

SHREVEPORT GREEN
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

1. **Nature of Business**

Shreveport Green is a nonprofit organization whose purpose is the promotion of the public interest in the improvement of the environment of the City of Shreveport, through the promotion of recycling, coordination of litter control programs and the promotion of beautification through landscaping.

2. **Summary of Significant Accounting Policies**

(a) ***Income taxes***

Shreveport Green qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and, therefore, has no provision for income taxes.

(b) ***Depreciation***

Fixed assets are stated at cost, less accumulated depreciation. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets.

(c) ***Use of estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(d) ***Donated materials***

Donated materials are recorded in the financial statements at their estimated fair values at the date of receipt. A number of volunteers have donated their time to assist in the operations and improvements of the organization. In accordance with requirements of Statement of Financial Accounting Standards No. 116, no amounts have been reflected in the financial statements for those services.

(e) ***Financial statement presentation***

Shreveport Green adopted Statements of Financial Accounting Standards No. 116, "Accounting for Contributions Received and Contributions Made," and No. 117, "Financial Statements for Not-for-Profit Organizations," which establish standards of basic accounting and reporting for not-for-profit organizations.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the organization and changes therein are classified and reported as follows:

Unrestricted net assets-Net assets that are not subject to donor-imposed stipulations. Contributions whose restrictions are met in the same period as received are recorded as unrestricted.

2. Summary of Significant Accounting Policies (Continued)

Temporarily restricted net assets-Net assets subject to donor-imposed stipulations that may or will be met either by actions of the organization and/or the passage of time.

Permanently restricted net assets-Net assets subject to donor-imposed stipulations that they be maintained permanently by Shreveport Green. Generally, the donors of these assets permit the organization to use all or part of the income earned on related investments for general or specific purposes.

As of December 31, 2004 and 2003, there were no temporarily or permanently restricted net assets.

(f) *Cash and cash equivalents*

For purposes of the statement of cash flows, Shreveport Green considers all highly liquid investments purchased with original maturities of three months or less to be cash and cash equivalents.

(g) *Promises to give*

Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

3. Cooperative Endeavor Agreement

Shreveport Green received \$271,505 and \$279,000 in 2004 and 2003, respectively, from the City of Shreveport for the purpose of improving the appearance of the City through education and programs to facilitate clean-up, beautification and recycling efforts. Of the amount received, \$-0- and \$26,819 was designated for Neighborhood Programs in 2004 and 2003, respectively.

4. Contracts for Services

Shreveport Green received \$25,000 and \$27,000 in 2004 and 2003, respectively, from the Caddo Parish Commission to perform community related projects to benefit the parish of Caddo. The City of Shreveport paid \$40,000 and \$40,000 in 2004 and 2003, respectively, for clean-up and maintenance of certain highway intersections.

5. Grants Received

Shreveport Green received \$116,679 and \$126,781 in 2004 and 2003, respectively, from the Louisiana Serve Commission for the continuation of a youth and conservation corps program called ShrevCorps. In 2004 and 2003, Shreveport Green received \$36,500 and \$20,000, respectively, in Community Development Block Grant (CDBG) funds through the City of Shreveport. The CDBG grant is for a self improvement initiative to provide low-to-moderate income residents in five targeted neighborhoods with materials, tools, and technical assistance to perform home improvements. Shreveport Green received in-kind contributions of \$62,709 and \$74,690 in 2004 and 2003, respectively.

6. Other Community Support

Shreveport Green received contributions from the general public through community wide clean-up, recycling and beautification efforts in 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Telephone book recycling	<u>3,300</u>	<u>-</u>

7. Other Specific Programs

Shreveport Green conducted specific city beautification, litter control and tree planting projects during the years ended December 31, 2004 and 2003. Expenses for these programs are as follows:

	<u>2004</u>	<u>2003</u>
City clean-up project	4,209	2,345
City green tree inventory project	660	6,635
Clean business program	247	2,085
General Motors project	-	21,856
Neighborhood improvement	1,897	-
Red River clean-up project	1,460	-
Scholarships	5,114	6,000
School projects	1,227	6,017
Tree CD	-	683
Trees purchased or donated	10,126	8,172
VA memorial project	1,824	-
Other	<u>44,627</u>	<u>49,655</u>
	<u>71,391</u>	<u>103,448</u>

8. Employees' Retirement Plan

Shreveport Green established a simple IRA plan as of March 2000 for its employees. An employee is eligible to participate after one year of employment, earns a minimum salary of \$5,000 and is at least 21 years old. Participation is voluntary and the employee may contribute up to \$6,000 per year. Shreveport Green matches the employee's contribution up to 3% of his or her annual compensation or \$6,000, whichever is less. The contribution charged to expense for the years ended December 31, 2004 and 2003 was \$4,826 and \$4,352, respectively.

9. Concentration of Risk

At December 31, 2004 and 2003, Shreveport Green had cash deposits in excess of federally insured limits of approximately \$136,280 and \$150,564, respectively.

10. Bank Note Payable

At December 31, 2002, Shreveport Green had a bank note payable totaling \$103,300 secured by a mortgage on the office building. The note was payable on demand, or if no demand was made then monthly payments were due of \$1,506 through May 25, 2016. The interest rate varied 2.24 percentage points over the United States Dollar Swap Rate with a rate of 7.76% as of December 31, 2002. Effective April 2, 2003, the note was refinanced at the Wall Street Journal Prime Rate (5.25% at December 31, 2004). The new note is also payable on demand and, if no demand is made, monthly payments are due of \$1,200 plus interest through December 25, 2009. The note is secured by cash deposits.

11. Subsequent Event

Subsequent to the period under audit, Shreveport Green lost funding of approximately \$45,000 from the City of Shreveport. As a consequence of this loss, Shreveport Green is leaving an open position within the organization unfilled.

OTHER REPORTS

HEARD McELROY & VESTAL

LLP
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET
15TH FLOOR
SHREVEPORT, LA 71101
318 429-1525
318 429-2070 FAX
POST OFFICE BOX 1607
SHREVEPORT, LA
71165-1607

PARTNERS
J. PETER GAFFNEY, CPA, APC
SPENCER BERNARD, JR., CPA
H.Q. GAHAGAN, JR., CPA, APC
GERALD W. HEDGCOCK, JR., CPA, APC
TIM B. NIELSEN, CPA, APC
JOHN W. DEAN, CPA, APC
MARK D. ELDREDGE, CPA
ROBERT L. DEAN, CPA
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA
A. D. JOHNSON, JR., CPA
RON W. STEWART, CPA, APC

OF COUNSEL
GILBERT R. SHANLEY, JR., CPA
C. CODY WHITE, JR., CPA, APC
WILLIAM L. HIGHTOWER, CPA

April 27, 2005

The Board of Directors
Shreveport Green
Shreveport, Louisiana

Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards

We have audited the financial statements of Shreveport Green as of and for the year ended December 31, 2004, and have issued our report thereon dated April 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the financial statements of Shreveport Green are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Shreveport Green's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY
WEST MONROE

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Heard, McElroy + Vernal, LLP

SHREVEPORT GREEN
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2004

We have audited the financial statements of Shreveport Green as of and for the year ended December 31, 2004, and have issued our report thereon dated April 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2004 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control - No material weakness or reportable condition was noted; no management letter was issued.

Compliance - No material noncompliance was noted.

b. Federal Awards - Not applicable.

Section II - Financial Statement Findings

No matters were reported.

SHREVEPORT GREEN
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2004

No prior year findings were reported.